147

(3)

No. 09-412

In the Supreme Court of the United States

SMC CORPORATION, ET AL., PETITIONERS

v.

NORGREN, INC., ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

ELENA KAGAN
Solicitor General
Counsel of Record
Department of Justice
Washington, D.C. 20530-0001
(202) 514-2217

JAMES M. LYONS
General Counsel

ANDREA CASSON
Assistant General Counsel

MARK B. REES
Attorney-Advisor
Office of the General Counsel
U.S. International Trade Commission
Washington, D.C. 20436

QUESTION PRESENTED

Whether the court of appeals erred in reviewing *de novo* and reversing the decision of the United States International Trade Commission, which construed the claims of respondent Norgren, Inc.'s patent.

TABLE OF CONTENTS

Page

Opinions below 1
Jurisdiction 1
Statement 1
Argument 6
Conclusion 10

TABLE OF AUTHORITIES

Cases:

Amgen Inc. v. *Hoechst Marion Roussel, Inc.*:
457 F.3d 1293 (Fed. Cir. 2006), cert. denied, 550 U.S. 953 (2007) 9
469 F.3d 1039 (Fed. Cir. 2006), cert. denied, 550 U.S. 953 (2007) 8
Cybor Corp. v. *FAS Techs., Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) 5, 6
Merck & Co. v. *TEVA Pharms. USA, Inc.*, 395 F.3d 1364 (Fed. Cir.), cert. denied, 546 U.S. 972 (2005) 9
Phillips Corp. v. *AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005), cert. denied, 546 U.S. 1170 (2006) .. 8, 9
Rattler Tools, Inc. v. *Bilco Tools, Inc.*, 278 Fed. Appx. 1013 (Fed. Cir. 2008), cert. denied, 129 S. Ct. 903 (2009) 9
SanDisk Corp. v. *Memorex Prods., Inc.*, 415 F.3d 1278 (Fed. Cir.), cert. denied, 546 U.S. 1076 (2005) 9

Statutes:

Administrative Procedure Act, 5 U.S.C. 706 6
Tariff Act of 1930, ch. 497, § 337, 46 Stat. 590 ..... 2, 3

Statutes—Continued: Page

19 U.S.C. 1337(a)(1)(B)(i) 2, 4
19 U.S.C. 1337(b)(1) 2
19 U.S.C. 1337(c) 2, 6
19 U.S.C. 1337(d) 2
28 U.S.C. 1295(a)(6) 2
35 U.S.C. 103(a) 3, 4

Miscellaneous:

71 Fed. Reg. 66,193 (2006) 2

In the Supreme Court of the United States

No. 09-412

SMC CORPORATION, ET AL., PETITIONERS

v.

NORGREN, INC., ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-10a) is unreported. The opinion of the administrative law judge (Pet. App. 15a-98a) is unreported.

JURISDICTION

The judgment of the court of appeals was entered on May 26, 2009. A petition for rehearing was denied on August 21, 2009 (Pet. App. 99a-100a). The petition for a writ of certiorari was filed on October 6, 2009. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

This case arises from a decision of the United States International Trade Commission (Commission) constru-

ing certain of the claims in United States Patent No. 5,372,392 ('392 patent), and finding that petitioners did not infringe the '392 patent as construed. Pet. App. 11a-98a. The court of appeals reversed in part, vacated in part, and remanded the case to the Commission for further proceedings. *Id.* at 1a-10a.

1. Section 337 of the Tariff Act of 1930, ch. 497, 46 Stat. 590, prohibits "[t]he importation into the United States, the sale for importation, or the sale within the United States after importation * * * of articles that * * * infringe a valid and enforceable United States patent." 19 U.S.C. 1337(a)(1)(B)(i). The Act authorizes the Commission to investigate any alleged violation of Section 337. 19 U.S.C. 1337(b)(1). If the Commission finds a violation, it may order that the articles concerned be excluded from entry into the United States. 19 U.S.C. 1337(d). Final determinations of the Commission under Section 337 are subject to review by the United States Court of Appeals for the Federal Circuit. 28 U.S.C. 1295(a)(6); 19 U.S.C. 1337(c).

2. a. In October 2006, respondent Norgren, Inc. (Norgren) filed a complaint with the Commission alleging violations of Section 337, based on the alleged importation and sale by petitioners of certain connecting devices for use with modular compressed air-conditioning units and the filters, regulators, and lubricators they connect. Pet. App. 12a. Norgren alleged that the accused products infringed Claims 1-5, 7, and 9 of the '392 patent, of which Norgren is the assignee. *Id.* at 4a, 18a. The Commission instituted an investigation under Section 337(b)(1). 71 Fed. Reg. 66,193 (2006). In November 2007, an administrative law judge (ALJ) conducted an administrative trial and received post-hearing briefs from the parties. Pet. App. 19a.

b. On February 13, 2008, the ALJ issued his final initial determination. Pet. App. 15a-98a. Although the ALJ rejected petitioners' affirmative defense that the '392 patent was obvious and therefore invalid, see 35 U.S.C. 103(a), the ALJ concluded that petitioners' products did not infringe the '392 patent and that petitioners therefore had not violated Section 337. Pet. App. 96a.

Central to the ALJ's analysis was his construction of the claims in the '392 patent. The technology at issue is a connecting structure designed to create a fluid-tight connection between two "fluid-flow elements." Pet. App. 27a (quoting specification). The fluid-flow elements include a pair of "generally rectangular ported flange[s]," *id.* at 5a (quoting Claim 1's preamble), and the patent claims "a four-sided, generally rectangular clamp adapted, in its operative clamping position, to engage, in parallel relationship with one another, the pair of ported flanges," *ibid.* (quoting Claim 1). Because the claim recites a clamp "adapted . . . to engage . . . the pair of ported flanges," the ALJ determined that it was necessary to construe, *inter alia*, the term "generally rectangular ported flange." *Id.* at 6a. Norgren argued that the flange could have either four or two projecting rims—petitioners' allegedly infringing product had two rims, *id.* at 10a—while petitioners contended that "generally rectangular ported flange" should be construed to require "projections on all four sides." *Id.* at 39a.

Thus, as the ALJ noted, "whether or not the flange [described in Claim 1's preamble] must have two or four * * * rims is the salient issue to be determined." Pet. App. 39a. After considering the claim language and the parties' arguments and expert testimony, the ALJ determined that the term "generally rectangular ported flange" means a structure "of rectangular shape with

projections on all four sides and a hole in the middle that is used as a port." *Id.* at 44a; see *id.* at 52a ("In view of the fact that * * * the clamp is specially adapted to engage the generally rectangular ported flanges[,] * * * it is reasonable to conclude that * * * the clamp is adapted to engage flanges with four projecting rims.").

Based on that claim construction, the ALJ concluded that petitioners' products did not infringe the '392 patent because "[C]laim 1 requires a four-sided, generally rectangular clamp" to "engage four projecting rims on each flange," and petitioners' products "have two, not four, ear-like projections on either side of the port." Pet. App. 67a. This distinction, the ALJ held, was "fatal to Norgren's infringement case." *Ibid.*

The ALJ also addressed petitioners' affirmative defense that the '392 patent was invalid as obvious, and held that the claims were non-obvious. Pet. App. 83a-87a; see 19 U.S.C. 1337(a)(1)(B)(i) (prohibiting importation of products that infringe a "valid and enforceable" patent); 35 U.S.C. 103(a) (a patent "may not be obtained" for an invention that "would have been obvious at the time the invention was made to a person having ordinary skill in the art"). Based on his construction of the patent claims to require a clamp adapted to engage the structure with four projecting rims, the ALJ concluded that "the record does not contain clear and convincing evidence of obviousness." Pet. App. 84a.

c. Petitioners and Norgren each filed a petition for review of the ALJ's initial determination before the Commission. Based on its consideration of the petitions and the record, the Commission determined not to review the ALJ's decision, and it terminated the investigation with a finding of no violation. Pet. App. 11a-14a.

3. The court of appeals, in an unpublished, nonprecedential decision, reversed in part, vacated in part, and remanded for further proceedings. Pet. App. 1a-10a. Relying on circuit precedent addressing the standard of review that applies when a district court's construction of patent claims is challenged on appeal, see *Cybor Corp.* v. *FAS Techs., Inc.*, 138 F.3d 1448, 1455-1456 (Fed. Cir. 1998) (en banc), the court of appeals reviewed the ALJ's claim construction *de novo*. Pet. App. 5a. Examining the claim's reference to a "generally rectangular ported flange," the court reasoned that no word within that phrase necessarily required that all four sides of the flange have rims. *Id.* at 6a-10a. The court explained that "[a]lthough it is possible for a four-sided, generally rectangular clamp to engage each generally rectangular flange on all four sides," the claims were not limited to connectors employing four projecting rims. *Id.* at 10a. The court therefore held that the structure of petitioners' connectors fell within the claims of the '392 patent, and that petitioners' products were infringing. *Ibid.*

In light of its reversal of the ALJ's claim construction, the court of appeals vacated the ALJ's determination of non-obviousness. Pet. App. 10a. The court declined to rule on petitioners' alternative contention that the Commission's no-violation determination could be affirmed on the ground that the claims in the '392 patent were obvious and therefore invalid. *Ibid.* The court instead remanded the case to permit "the ALJ [to] evaluate obviousness in the first instance under the correct construction of 'generally rectangular ported flange'—i.e., a construction that does not require a flange having projections on all four sides." *Ibid.*

ARGUMENT

Petitioners seek this Court's review of the following question: "Should the Federal Circuit accord deference to a district court's claim construction." Pet. i; see Pet. 8-23. In the government's view, the court of appeals' claim construction was erroneous, and under any standard of review, the court should have affirmed the Commission's claim construction and its finding that no infringement occurred. This case would be a poor vehicle to address the question presented, however, both because it does not involve appellate review of a district court decision and because the court of appeals' decision is unique to the facts of this particular case and contemplates further proceedings on remand. Further review therefore is not warranted.

1. Petitioners challenge the Federal Circuit's practice of subjecting a district court's construction of patent claims to *de novo* review. See *Cybor Corp.* v. *FAS Techs., Inc.*, 138 F.3d 1448, 1456 (Fed. Cir. 1998) (en banc) (stating that claim construction is "a purely legal question" that is reviewed "*de novo* on appeal including any allegedly fact-based questions relating to claim construction"). This case would not be a suitable vehicle to review that question, however, because it does not involve an appeal from a district court decision. The claim construction reviewed by the court of appeals was performed by an ALJ in the context of an administrative investigation, and review of the Commission's decision is governed by the standards set forth in the Administrative Procedure Act (APA), 5 U.S.C. 706; see 19 U.S.C. 1337(c). Were this Court to consider whether a more deferential standard than *de novo* review should have been applied in this case, its analysis would likely be affected by the APA, and therefore would not necessar-

ily resolve the question presented, *i.e.*, the standard of judicial review applicable to district court decisions involving the construction of patent claims. That question would be better resolved in a case involving an appeal from a district court's claim construction.

Nor is this case a suitable vehicle to resolve the proper standard of judicial review to be applied to administrative claim construction decisions. The parties did not present the case as a test of the standard of review or develop any argument about the proper standard of review in their briefs before the panel. See Gov't C.A. Br. 20-21; Norgren C.A. Br. 9; Pet. C.A. Br. 19. The court of appeals applied *Cybor*'s *de novo* standard of review without discussion and without dissent, Pet. App. 5a, and no member of the panel indicated that according some level of deference to the Commission's claim construction would have altered the outcome. This Court therefore would not have the benefit of the court of appeals' considered judgment on the proper standard of review. And because the court of appeals designated the decision as non-precedential, the ruling here would not preclude a future Federal Circuit panel from deciding that the patent claim construction of an administrative agency should be reviewed more deferentially under the APA than the claim construction of a district court.

Although petitioners raised the standard-of-review issue in a petition for rehearing en banc, see Pet. C.A. Pet. for Reh'g En Banc 1, the court of appeals denied en banc rehearing without any recorded dissent. Thus, the court apparently did not view this case as an appropriate vehicle in which to reconsider the *Cybor* standard of review or its application to administrative decisions—even though a majority of active Federal Circuit judges have previously suggested that the court, sitting en banc

in an appropriate case, should revisit *Cybor*.* See, *e.g.*, *Amgen Inc.* v. *Hoechst Marion Roussel, Inc.*, 469 F.3d 1039 (Fed. Cir. 2006) (order denying rehearing en banc), cert. denied, 550 U.S. 953 (2007); *id.* at 1040-1041 (Michel, C.J., joined by Rader, J., dissenting from denial of rehearing en banc) (arguing that rehearing should be granted in order to reconsider the *de novo* review standard); *id.* at 1043 (Newman, J., dissenting from denial of rehearing en banc) (same); *id.* at 1044-1045 (Rader, J., dissenting from denial of rehearing en banc) (same); *id.* at 1045 (Gajarsa, Linn, Dyk, JJ., concurring in the denial of rehearing en banc) (explaining willingness to reconsider *Cybor* in an appropriate case); *id.* at 1045-1046 (Moore, J., dissenting from denial of rehearing en banc); *Phillips Corp.* v. *AWH Corp.*, 415 F.3d 1303, 1330-1334 (Fed. Cir. 2005) (en banc) (Mayer, J., joined by Newman, J., dissenting) (arguing that *Cybor* should be reconsidered), cert. denied, 546 U.S. 1170 (2006); *id.* at 1330 (Lourie, J., joined by Newman, J., concurring in part and dissenting in part) (urging greater deference to district court's claim construction). Thus, it is possible that the court of appeals will address *Cybor* and the proper standard of review in an appropriate case, and this Court would at that point have the benefit of the court of appeals' full consideration of the issue.

2. Also counseling against further review is the fact that the court remanded to the Commission for reconsideration of petitioners' obviousness defense in light of the court's broader construction of the claims. Pet. App. 10a. This Court generally declines to review decisions that contemplate further proceedings, particularly

* Notably, the panel of the court of appeals that rendered the decision below included two of the judges who have expressed this view—Judges Gajarsa and Moore.

where the underlying facts are specific to the particular case and unlikely to be echoed in future cases. That course is appropriate here. If the Commission concludes on remand that the claims as construed by the court of appeals are obvious, petitioners will be found not to have violated Section 337, which would render the standard-of-review issue moot.

3. Finally, this Court has previously denied petitions for certiorari that asserted that the Federal Circuit should accord greater deference to a district court's claim construction, including in cases that involved district court decisions and therefore would have provided more suitable vehicles than the instant case. See, *e.g.*, Pet. at i, *Rattler Tools, Inc.* v. *Bilco Tools, Inc.*, 278 Fed. Appx. 1013 (Fed. Cir. 2008), cert. denied, 129 S. Ct. 903 (2009) (No. 08-394); Pet. at i, *Amgen, Inc.* v. *Hoechst Marion Roussel, Inc.*, 457 F.3d 1293 (Fed. Cir. 2006), cert. denied, 550 U.S. 953 (2007) (No. 06-1291); Pet. at i, *Phillips*, *supra* (No. 05-602); *SanDisk Corp.* v. *Memorex Prods., Inc.*, 415 F.3d 1278 (Fed. Cir.), cert. denied, 546 U.S. 1076 (2005) (No. 05-456); Pet. at i, *Merck & Co.* v. *TEVA Pharms. USA, Inc.*, 395 F.3d 1364 (Fed. Cir.) (performing *de novo* review over Judge Rader's dissent), cert. denied, 546 U.S. 972 (2005) (No. 05-236). There is no reason for a different result here.

CONCLUSION

The petition for writ of certiorari should be denied.

Respectfully submitted.

ELENA KAGAN
Solicitor General

JAMES M. LYONS
General Counsel

ANDREA CASSON
Assistant General Counsel

MARK B. REES
Attorney-Advisor
Office of the General Counsel
U.S. International Trade Commission

DECEMBER 2009